

ADMINISTRATIVE — INTERNAL USE ONLY

69-5404  
1 DEC 1969

MEMORANDUM FOR: Deputy Director for Support


SUBJECT : Administrative tasks and functional responsibilities related to the operating management of the Voluntary Investment Plan

1. This memorandum, together with Tabs A and C, outline necessary actions, in time sequence, required to implement the proposed Voluntary Investment Plan. In Tab B we also indicate the agreed division of functional responsibilities for administration of the Plan.

2. As indicated in Tab A, informal discussions were held with representatives of the Internal Revenue Service and the Securities and Exchange Commission with affirmative results. Formal coordination will follow approval of the Plan by the Director of Central Intelligence. Mr. Jack Maury very informally advised the staffs of our Congressional Committees that we were investigating the feasibility of developing a "Take Stock" Plan as a supplement to our retirement program. You may want to consider more formal coordination with our Committees before the Plan is implemented. Finally, you may also want to advise the Bureau of the Budget of our intent to implement this new Plan.

3. We had considered conducting an employee survey to determine potential participation interest in the Plan prior to its formal establishment. It is our recommendation that validation of employee interest be made when we publicize the Plan and solicit enrollment and payroll deduction authorizations. Enrollees would be advised that activation of their membership and action on payroll deductions would be conditioned upon sufficient total enrollment to warrant activation of the Plan.

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Deputy Director of Personnel

MORI/CDF Pages 15-18

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ACTIONS REQUIRED TO IMPLEMENT  
THE VOLUNTARY INVESTMENT PLAN

The following is a tentative outline, in time sequence, of actions which should be taken to put into effect the proposed Voluntary Investment Plan (VIP). An essential factor in implementing the Plan is the establishment of a computer program which will require from four to six months. Other actions, which can be initiated only upon approval of the Plan by the Director, will be paced to the development of the computer program. The stipulated "start up" and target dates have been established based on the assumption that the Plan will be approved in December 1969. Announcements and enrollment information will be prepared for availability to both Headquarters and Field employees by 1 March 1970. Enrollments will commence on 1 March 1970 with payroll deductions to begin the first pay period in June 1970.

1. Appointment of Board of Trustees. Action: Deputy Director of Central Intelligence. Target Date: December 1969.

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2. Development of Computer Program. Action: Office of Computer Services [redacted] Target Date: Initiated in December 1969 with completion date of 1 June 1970 at latest.

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3. Consultation with Broker. Action: Office of Personnel (Mr. [redacted] and Office of Finance [redacted] Target Date: As soon as possible after approval of the Plan by the Director of Central Intelligence and continuing throughout the development period. Objectives include:

(A) Office of Personnel

- [1] Scheduling of training by broker for CIA personnel who will engage in administration of the Plan.
- [2] Development of promotional materials and publicity literature.
- [3] Confirm services which are to be provided by the broker to CIA during the start-up period and thereafter.

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(B) Office of Finance

Establish procedures relative to transfer of funds, confirmation of share purchases, maintenance of essential records, etc.

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4. Approval of Internal Revenue Service. Action: Office of the General Counsel [redacted] Target Date: December 1969. Application must be made to IRS for a letter of determination of tax qualification of proposed trust. Supplemental actions will not be deferred pending final approval of IRS.

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5. Letter of Exemption from the Securities Exchange Commission. Action: Office of the General Counsel [redacted] Target Date: December 1969. Letter must be dispatched to the SEC requesting a ruling that the trust is exempt from registration under the Securities Act and under acts governing registration of brokers, dealers and investment advisors.

6. Staffing Requirements to Administer Plan.

(A) Office of Personnel

During the start-up period (December 1969 to 1 May 1970) it may be necessary to utilize additional personnel in RAD/OP to carry out the publicity campaign, employee briefings and initial enrollment. Once the Plan has been launched and initial employee enrollment has been accomplished, it may be possible to reduce this early stage augmentation and rely to a large extent on retirement counselors in RAD for subsequent briefings, enrollments, withdrawals, etc.

(B) Office of Finance

The requirement for additional personnel (number not presently determinable) by the Office of Finance, generally, will commence with the launching of the Plan and will be a continuing requirement subject to adjustments as the workload and demands become more ascertainable.

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7. Promotion and Publicity. Action: Office of Personnel (Mr. [REDACTED]) Target Date: January 1970 continuing through 1 June 1970. In conjunction with the broker a prospectus will be developed describing the charter and operation of the Plan, brochures will be made available on the specific funds selected, pamphlets will be prepared and distributed covering the benefits and advantages of the Plan such as tax advantages, convenience of payroll deductions, regular savings, supplement to retirement annuity, etc. Prepare and distribute to Headquarters and Field employees by 1 March 1970 announcements outlining the VIP together with application forms, payroll deduction authorizations and such other promotional materials as are appropriate.

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8. Establish Chart of Accounts. Action: Office of Finance [REDACTED] Target Date: Initiation on 1 January 1970 with completion by 1 April 1970.

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9. Develop Format for General Ledger, Journal Vouchers and Special Journals and Subsidiary Ledgers Required. Action: Office of Finance [REDACTED] Target Date: Initiation on 1 January 1970 with completion by 1 April 1970. STAT

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10. Develop Procedures for Maintenance of Records and Preparation of Financial Statements. Action: Office of Finance [REDACTED] Target Date: Initiation on 1 January 1970 with completion by 1 April 1970.

11. Develop Forms. A variety of forms will be required including, but not limited to:

- (A) Application Forms
- (B) Payroll Deduction Authorization
- (C) Cash Deposit Certification
- (D) Designation of Beneficiary
- (E) Posting of Shares as Collateral
- (F) Request for Withdrawal (Full or Partial)

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Action: Office of Personnel [REDACTED] in coordination with Office of Finance, Office of Computer Services, and Printing Services Division. Target Date: Initiation in December 1969 with completion by 1 April 1970 (to include publication).

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FUNCTIONAL RESPONSIBILITIES  
FOR ADMINISTRATION OF THE  
VOLUNTARY INVESTMENT PLAN

I. Office of Personnel

- (A) Conduct employee orientations, promotional and publicity program incident to the Plan.
- (B) Provide services to employees in completion and processing of applications for enrollment, authorizations for payroll deductions, authorizations for deduction changes, fund changes, cash purchases, designations of beneficiaries and election of distribution of equity (i. e., lump sum, installments or other shares).
- (C) Provide services to beneficiaries related to processing claims according to elections designated by the members.
- (D) Liaison with broker.
- (E) Liaison with beneficiaries.

II. Office of Finance

- (A) Make payroll deductions and changes in payroll deductions as authorized by members. Deductions will be made in total with no fund specification.
- (B) File authorizations for deductions in appropriate payroll office.
- (C) Establish the necessary bank accounts for the trust.
- (D) Develop Chart of Accounts and related forms and procedures for maintenance of records and preparation of financial statements.
- (E) Process financial transactions and maintain records:

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- [1] Receive, voucher and deposit receipts from the Agency for payroll deductions, payments by employees representing voluntary contributions and for any other purpose.
  - [2] Prepare and voucher checks for share and security purchases, returns to members and for any other purpose.
  - [3] Voucher and record miscellaneous non-cash transactions such as transfers between fund equities.
  - [4] Reconcile subsidiary accounts detail maintained by the Office of Computer Services for member equities with the general ledger control accounts.
- (F) Prepare periodic financial statements on the status of the trust.
- (G) Process members withdrawals.
- (H) Maintain general ledger accounts with subsidiaries for each payroll. The pay period ledger of deductions should serve as the subsidiary ledger. One check would be written from the appropriate ledger to the Fund Management each pay period.
- (I) Transaction control would be maintained on an exception basis; i. e., no original entries required from the payrolls and only exceptions from normal reported to the Fund Management for adjustment.
- (J) Deposit funds received from payroll deductions and receipts from cash purchases to the appropriate trust fund account and issue checks to the broker with instructions for purchase of shares.
- (K) Receipt from broker of accounting for each fund of each payment received; the commission charged; the price per share as of purchase; and dividend and capital gains distributed when such actions occur.
- (L) Process members withdrawals and provide members with statements as to taxable income.
- (M) Process member requests for distribution of equities.

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III. Office of Computer Services

- (A) Design four new programs which together will constitute a complete sub-system:

Transaction edit, error and adjustment reporting  
Master deduction file maintenance  
Cumulative deduction and share distribution  
Monthly and quarterly reporting program.

- (B) Revise the payroll systems (five programs) and possibly two new programs will be written.
- (C) Design input/output forms and manual (cash) purchase confirmation form.
- (D) Establish and maintain individual member accounts.
- (E) The proposed computer reports are detailed below:

[1] Transaction list, Balance Controls

Contains Employee Name, Number, Fund Name and amount of deduction for each fund, plus total deductions. Totals are shown for Balance forward deductions, net change, and new balances for each fund and overall, plus total participants for each fund and overall.

[2] Payroll balance list

Demonstrates that the payroll accepted all transactions and reports above totals except individual funds, showing balances. In case of error, exceptions will be noted and correct balances forwarded.

[3] Payroll deduction list

List all deductions made from employees, and shows name, number, total amount of deduction. This list will serve as the subsidiary list and back-up for the issuance of a check from OF to the trust fund account and subsequent issuance of checks to the broker.

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[4] Payroll exceptions

Lists all employees on the payroll deduction master file for whom deductions were not made. Total deductions authorized, deductions made and difference, if any. Tape which produced report is input to Fund Master update.

[5] Cumulative fund balances

Report shows each employee account in detail, showing previous amount contributed, previous shares purchased, monthly activity in amounts deducted and shares purchased and new balances forwarded for amounts and shares for each plan participated in by the employee. Balances for control are listed at end of report.

[6] Exception list

Pinpoints any errors noted in the cumulative master update.

[7] Quarterly report to employee

Shows total dollars contributed, total shares purchased, total shares received in dividends or capital gains for quarter, total shares held and new worth at last quotation.

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## GRAPHIC PRESENTATION OF VOLUNTARY INVESTMENT PLAN SCHEDULE

	TASK	ITEM #	DEC. '69	JAN. '70	FEB. '70	MAR. '70	APRIL '70	MAY '70	Target Date	Primary Action	PARTICIPANTS	
1	Appointment of Trustees	1							31 Dec. 69	DDCI		1
2												2
3	Computer Program	2							* 1 June 70	OCS	O/Fin. O/Pers	3
4												4
5	Broker Consultation	3							* 31 Dec. 69	O/Pers	OCS O/Fin.	5
6									Continuing			6
7	Approval of IRS	4							31 Dec. 69	OGC		7
8												8
9	SEC Exemption	5							31 Dec. 69	OGC		9
10												10
11	Staffing Requirements	6							1 May 70	O/Pers	O/Fin.	11
12												12
13	Promotion & Publicity	7							* Continuing	O/Pers		13
14												14
15	Chart of Accounts	8							1 April 70	O/Fin.	OCS	15
16												16
17	Develop Loggers, etc.	9							1 April 70	O/Fin.	OCS	17
18												18
19	Maintenance Records	10							1 April 70	O/Fin.	OCS	19
20												20
21	Develop Forms	11							1 April 70	O/Pers	O/Fin. OCS, PSD	21
22												22
23												23
24												24
25												25
26												26
27												27
28												28
29												29
30												30
31												31

Starting/Preparation Period  
\* Target Completion Date

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69-3917

OGC 69-1491

21 August 1969

**MEMORANDUM FOR:** Executive Director-Comptroller

**SUBJECT:** Establishment of a Voluntary Employee Savings and Investment Program

1. This memorandum contains a recommendation in paragraph 17 for the approval of the Executive Director-Comptroller.

2. The special task force authorized by the Executive Director-Comptroller to develop a plan for a voluntary employee savings and investment retirement program has developed such a plan which is described below and in the attachments.

Development of Program

3. Since 4 October 1968, the task force and its predecessors have investigated the kinds of tax exempt retirement and savings plans available and the experience of many plans in effect in other organizations. Particular attention was devoted to the TAKE STOCK Plan of the Tennessee Valley Authority which, as far as can be determined, is the only voluntary investment plan sponsored by a U. S. Government employer. Two visits were made to TVA in Knoxville, Tennessee, and TVA's retirement board permitted us to examine their program in detail.

4. For advice on investments the task force has consulted two New York Stock Exchange member brokers, officers of Bankers Trust Company in charge of pension trusts, the Senior Vice-President (Investments) INA Corporation and INA officers in charge of pension trusts and mutual fund distribution, the investment advisory and mutual fund management firm of Scudder, Stevens and Clark, and the Chairman, Presidents and senior staff of the Fidelity Management and Research Company and the Crosby Corporation, their wholly owned mutual fund distributor.

5. The OCS member of the task force and an Office of Finance representative have examined the accounting program of the TVA plan and are satisfied that a satisfactory accounting and computer program can be developed by the Agency. Legislative Counsel has briefed the staff chiefs of all four CIA subcommittees, and they foresee no objection to the program. The OGC member of the task force has consulted the Chief, Pension Trust Branch, IRS, who sees no problem in qualifying the type of plan we propose. The Office of Security has no objection to the proposal provided that the identities of members of the plan are not disclosed outside of the Agency. This requirement can be met with little difficulty.

#### Description of Plan

6. Drafts of the proposed trust and plan are at Attachment A. This is an internally trustee plan like that of TVA. Six trustees will be appointed from among Agency employees by the Deputy Director. The trustees bear legal responsibility for operation of the plan and investment of the members' contributions. Investments are owned by the trust for the benefit of the members who hold units in the trust. Expenses are borne by the Agency except that sales commissions and investment management fees are paid by the members through charges deducted from each investment and from the net assets invested. CIA may terminate the plan at any time.

7. Participation in the plan is limited to U. S. citizen employees who have at least three years of Agency service and who are members of the Civil Service or CIA Retirement Systems. Members of the retirement systems are the vast majority of Agency employees, but this requirement will eliminate most short-term or temporary employees. The three-year service limitation is included to reduce the administrative burden by excluding those employees among whom turnover is greatest. The citizenship requirement will eliminate tax and security problems which inclusion of aliens might cause.

8. While the board of trustees will be responsible for investment of members' contributions, they are limited to investment in specified mutual funds or short-term U. S. Government securities and, thus, will have no responsibility for purchase and sale of individual stocks. They will consult the broker-dealer and the mutual fund management company periodically and from time to time may

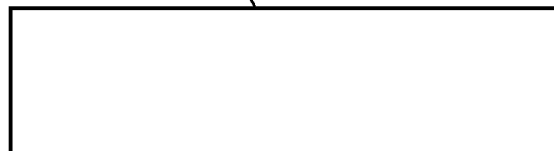
### Administration

16. The overall responsibility for day-to-day management of the Voluntary Investment Plan should be given to the Deputy for Special Programs of the Office of Personnel. This is consonant with present functions in the area of employee benefit programs. The details of accounting and record-keeping are being worked out by the Offices of Personnel and Finance. The methods used should follow the TVA system closely. The task force recommends the use of computer processing to assist in record-keeping. Indeed, there is no practical alternative other than the broker-dealer providing all services, which is not feasible because of security considerations. Initial costs will include 13 man months of programming and systems work, plus the man hours necessary to promote the plan, enroll participants, and establish the files. Continuing costs will include about six hours of computer processing a month and continuing part-time attention from various personnel in the Offices of Finance, Personnel, and Computer Services. Such part-time service will be complementary to the present duties of these personnel, and TVA has found it unnecessary to add any personnel or overtime work to administer its plan. Until the plan is in operation, we will not be certain that our experience will be the same; but with the possible exception of the start up period, it seems unlikely that a substantial portion of any employee's time will be needed to manage the program.

### Recommendation

17. The task force recommends that the Executive Director-Comptroller approve the establishment of a voluntary employee savings and investment plan in the form set forth in the draft Trust Agreement and Plan, dated 7 August 1969, attached hereto.

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Deputy Chairman  
Investment Plan Task Force

Attachments:

A - H

OGC 69-1491

**CONCURRENCE:**

\_\_\_\_\_  
Deputy Director for Support

\_\_\_\_\_  
Date

The recommendation in  
paragraph 17 is approved

\_\_\_\_\_  
Executive Director-Comptroller

\_\_\_\_\_  
Date

OGC:JDM:bg

**Distribution:**

- Orig - Ch/Investment Plan Task Force, w/att A-H
- 1 - ExDir-Comp, w/o att
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- 2 - DDS, w/o att
- 1 - Each Member of Task Force, w/att A-E

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FILE *Personnel*


10 OCT 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Voluntary Employee Savings and Investment Program

At the Deputies' Meeting on 8 October 1969 the plan as proposed in the 21 August 1969 memorandum was approved by the Deputies. The Executive Director will obtain the approval of the DCI on the concept of the program. Preparatory work for launching of the program will proceed immediately and I have directed the Director of Personnel to prepare a listing in order of time sequence of things that must be done and to set up the assignment of responsibilities for this action.

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R. L. [Redacted]  
Deputy Director  
for Support

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Executive Registry

69-4950

6 October 1969

MEMORANDUM FOR: Deputy Director for Intelligence  
Deputy Director for Plans  
Deputy Director for Science & Technology  
Deputy Director for Support  
General Counsel  
Inspector General

SUBJECT : Agenda for Deputies Meeting on 8 October

At our meeting on Wednesday, 8 October, at 3:00 p.m., we will discuss the Voluntary Employee Savings and Investment Program. The Deputy Director for Support disseminated material on this subject to each of you on 30 September.

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L. K. White

cc: Director of Personnel

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DD/S 69-4456

30 SEP 1969

MEMORANDUM FOR: Deputy Director for Intelligence  
Deputy Director for Plans  
Deputy Director for Science & Technology  
General Counsel  
Inspector General  
Director of Personnel

The attached memorandum will be on the agenda  
for the Deputies' Meeting scheduled for 8 October at 1430 hours.

SIGNED R. L. Bannerman  
R. L. Bannerman  
Deputy Director  
for Support

Att: Memo dtd 21 Aug 69 for ExDir-Compt fr  
[redacted] subj: Establishment  
of a Voluntary Employee Savings and Invest-  
ment Plan -- DD/S 69-3917

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cc: ExDir-Compt w/o att

O-DD/S:maq (30 Sept 69)

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DD/S 69-4397

25 SEP 1969

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Voluntary Employee Savings and Investment Program

1. There is attached a proposal by the Take Stock Plan task force for the establishment of a Voluntary Employee Savings and Investment Program. The task force has done a noble job and offers herein a very sound plan. STAT

2. It is my understanding that you wish to present this for a first review to a Deputies' Meeting.   OGC, and Ed Allen, DD/I, served as co-chairmen and are prepared to make a presentation of the plan. I have extra copies which I will distribute to the Deputies' Meeting attendees when you indicate the timing of its presentation.

SIGNED R. L. Bannerman

R. L. Bannerman  
Deputy Director  
for Support

Att: Memo dtd 21 Aug 69 to ExDir-Comp  
fr Deputy Chairman, Investment Plan  
Task Force, subj: Establishment of  
a Voluntary Employee Savings and  
Investment Program

DD/S:RLB:es (25 Sept 69)

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